

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

REQUEST FOR CONFIDENTIAL TREATMENT OF)
INFORMATION FILED WITH THE PROPOSED)
SPECIAL CONTRACT OF SOUTH CENTRAL BELL)
TELEPHONE COMPANY ON BEHALF OF THE LOCAL)
EXCHANGE CARRIER TELEPHONE GROUP FOR THE)
KENTUCKY INFORMATION HIGHWAY RFP)
ET-41-95)

CASE NO. 95-504

O R D E R

This matter arising upon petition of GTE South Incorporated ("GTE South"), filed November 10, 1995, pursuant to 807 KAR 5:001, Section 7, for confidential protection of the cost information filed in support of its rates associated with an amendment to BellSouth's contract with the Commonwealth of Kentucky on the grounds that disclosure of the information is likely to cause GTE South competitive injury, and it appearing to this Commission as follows:

On or about January 11, 1995, BellSouth Telecommunications, Inc. d/b/a South Central Bell Telephone Company ("BellSouth") and LCI International, Inc. ("LCI") signed an agreement with the Commonwealth of Kentucky to provide a statewide telecommunications network known as the Kentucky Information Highway ("KYIH"). The contract was awarded as a result of a request for a proposal by the Commonwealth made on or about July 12, 1994. GTE South, along with other local exchange carriers, participated with BellSouth as a subcontractor in the development of BellSouth's proposal and

response to the request for proposal. The contract for the KYIH was subsequently approved by the Commission in an Order dated June 16, 1995. By this petition, GTE South is seeking confidential protection of certain cost study data which it filed in support of its rates associated with a proposed amendment to BellSouth's KYIH contract with the Commonwealth of Kentucky.

The information sought to be protected consists of cost studies developed by GTE South in conjunction with the pricing of certain services associated with the KYIH.

The information sought to be protected is not known outside of GTE South, nor is it provided to the public. Its internal use is restricted to those employees who have a legitimate business need to know and to act upon the information. GTE South seeks to control the dissemination of this material through all reasonable means.

KRS 61.872(1) requires information filed with the Commission to be available for public inspection unless specifically exempted by statute. Exemptions from this requirement are provided in KRS 61.878(1). That subsection of the statute exempts several categories of information. One category exempted in paragraph (c)1 of that subsection is commercial information confidentially disclosed to the Commission which if made public would permit an unfair commercial advantage to competitors of the party from whom the information was obtained. To qualify for the exemption, the party claiming confidentiality must demonstrate actual competition and a likelihood of substantial competitive injury if the

information is disclosed. Competitive injury occurs when disclosure of the information gives competitors an unfair business advantage.

The information sought to be protected contains the output from computer cost models and related algorithms used by GTE South to develop its cost of service studies, as well as certain financial and operational parameters relative to the KYIH, customer cost and financial forecasts, and calculations containing proprietary formulas. A competitor could use the studies to obtain market information about GTE South and its customers. This information would enable competitors to develop entry and marketing strategies to the detriment of GTE South. Therefore, the information is likely to cause GTE South competitive injury, and the information should be protected as confidential.

This Commission being otherwise sufficiently advised,

IT IS ORDERED that the cost information filed in support of the proposed amendment to the contract with the Commonwealth of Kentucky for the KYIH, which GTE South has petitioned to be withheld from public disclosure, shall be held and retained by this Commission as confidential and shall not be open for public inspection.

Done at Frankfort, Kentucky, this 20th day of December, 1995.

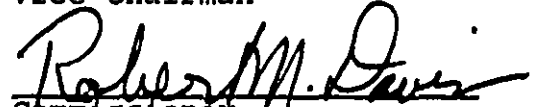
PUBLIC SERVICE COMMISSION


Chairman

ATTEST:


Executive Director

Vice Chairman


Commissioner